



Council For Lifelong Learning **Federal Perkins Loan**

Fact Sheet

September 2001

<p>1. What is a Federal Perkins Loan?</p>	<p>A Federal Perkins Loan is a low-interest (5 percent) loan for both undergraduate and graduate students with exceptional financial need. The school is the lender, and the loan is made with government funds with a share contributed by the school. The loan must be repayed to the school.</p>
<p>2. How much can a student borrow?</p>	<p>Depending upon when a student applies, the student's level of need, and the funding level of the school, a student can borrow up to</p> <ul style="list-style-type: none">• \$4,000 for each year of undergraduate study (the total amount a student can borrow as an undergraduate is \$20,000 if the student has completed two years of undergraduate work; otherwise, the total a student can borrow is \$8,000).• \$6,000 for each year of graduate or professional study (the total amount a student can borrow as a graduate/professional student is \$40,000, including any Federal Perkins Loans a student borrowed as an undergraduate).
<p>3. Is there a charge for this loan?</p>	<p>A Perkins Loan borrower is not charged any fees. However, if a student skips a payment, makes a payment late, or makes less than a full payment, the student may have to pay a late charge. If a failure to make payments persists, the student may have to pay collection costs as well.</p>
<p>4. How will a student be paid?</p>	<p>The school will either pay the student directly (usually by check) or credit the student's account. Generally, the student will receive the loan in at least two payments during the academic year.</p>
<p>5. When must a student repay this loan?</p>	<p>If a student is attending school at least half time, he or she has nine months after graduating, leaving school, or dropping below half-time status before he or she must begin repayment (the student may have longer than nine months if he or she is on active duty with the military). This is called a grace period. At the end of a grace period, the student must begin repaying the loan. Students may be allowed up to 10 years to repay.</p>
<p>6. Can a student postpone repayment of a Federal Perkins Loan?</p>	<p>Yes. Under certain circumstances, a student can receive a deferment or forbearance on his or her loan. During a deferment, the student is allowed to temporarily postpone payments on his or her loan, and no interest accrues. The student may receive a deferment under certain conditions, such as unemployment. Deferments are not automatic. A student must apply for one through his or her school by using</p>

	<p>a deferment request form the school can provide. The student must file his or her deferment request on time or pay a late charge. Additional information on deferments is available from an institution's financial aid office.</p> <p>If a student is temporarily unable to meet his or her repayment schedule but is not eligible for a deferment, the student can receive forbearance for a limited and specific period. During forbearance, the student's payments are postponed or reduced. Interest continues to accrue; the student is responsible for it. Forbearance isn't automatic either. A student may be granted forbearance in up to 12-month intervals for up to three years.</p> <p>A student must apply in writing for forbearance through the school that made the loan or the agency the school employs to service the loan. The student must provide documentation to support the request for forbearance. The student must continue making scheduled payments until notified that deferment or forbearance has been granted.</p>
<p>7. Can a Federal Perkins Loan be canceled?</p>	<p>Yes. If the borrower dies or becomes totally and permanently disabled, the loan can be canceled. A loan can also qualify for cancellation under certain other conditions-as long as the borrower is not in default. For more information, contact the school's financial aid office.</p> <p>If the borrower serves as an enlisted person in certain specialties of the U.S. Armed Forces, the U.S. Department of Defense may, as an enlistment incentive, repay a portion of the student loan. Note that this is not a cancellation. Additional information is available from the student's recruiting officer.</p> <p>Any questions about the terms of the Federal Perkins Loan, repayment obligations, deferment, forbearance, or cancellation, should be directed to the school that made the loan. Only that school may grant deferment, forbearance, or cancellation, or make other decisions concerning the loan.</p>
<p>8. What are the applicable statutes and rules?</p>	<p>Title 20 U.S.C. ss 1087aa-ii -- Federal Perkins Loan</p>
<p>9. Where can I get additional information?</p>	<p>The Student Guide www.ed.gov/prog_info/SFA/StudentGuide</p>

FAFSA on the Web

www.fafsa.ed.gov

FAFSA Express

www.ed.gov/offices/OSFAP/Students/apply/fexpress.html

Help in completing the FAFSA

www.ed.gov/prog_info/SFA/FAFSA

Federal school codes (used to complete the FAFSA)

www.ed.gov/offices/OSFAP/Students/apply.html

U.S. Department of Labor Occupational Outlook Handbook

www.stats.bls.gov

All of these Web sites can be accessed through the U.S. Department of Education's "Financial Aid for Students Home Page" at www.ed.gov/studentaid

The Florida House of Representatives

Committee on Workforce & Technical Skills

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